



April 28, 2006

Mr. Charles Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, South Carolina 29211

RE: PSC Docket No. 2006-1-E

Dear Mr. Terreni:

Attached for filing is an original and 15 copies of Progress Energy Carolinas, Inc.'s Further Response in Opposition to Nucor Steel's Motion to Compel in the above-referenced docket.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Len S. Anthony', with a stylized flourish at the end.

Len S. Anthony
Deputy General Counsel-Regulatory

Affairs

LSA:mhm

c: Office of Regulatory Staff

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-1-E

Carolina Power & Light Company)	PROGRESS ENERGY
d/b/a Progress Energy Carolinas, Inc.)	CAROLINAS, INC.'S FURTHER
Annual Review of Base Rates for)	RESPONSE TO NUCOR
Fuel costs)	STEEL'S MOTION TO COMPEL

Pursuant to the Public Service Commission of South Carolina's ("the Commission") Rule 103-830, Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. ("PEC") submits its Further Response in Opposition to Nucor Steel's Motion to Compel PEC to provide the information requested by Nucor in Item No. 1-30 of Nucor's discovery request. In support thereof, PEC shows the following.

The issue before the Commission is basically this:

- 1) Nucor asked through a discovery request that PEC provide comprehensive hourly information about the revenues, billing, and accounting associated with PEC's Real Time Pricing Tariff (Rate Schedule LGS-RTP-6, which PEC will refer to as "RTP").
- 2) Under the South Carolina Rules of Civil Procedure (Rule 26), Nucor is only allowed to seek discovery of information that is relevant to the subject matter of the proceeding.
- 3) In Nucor's Motion to Compel, it stated the theory upon which it claimed the information in question was relevant.

- 4) In PEC's Response in Opposition to the Motion to Compel, PEC explained in great detail why Nucor's theory was wrong and explained the consequences to Nucor if the Commission were to accept Nucor's theory.
- 5) Nucor, in its Reply, attempts to argue that PEC's Response in Opposition to Nucor's Motion to Compel addresses not whether the information is relevant to the subject matter of PEC's fuel case but rather the merits of the position Nucor may take at the hearing with regard to RTP revenues.

The problem for Nucor is the issues are the same. The basis of Nucor's theory as to why the information requested is relevant to this proceeding is that the Commission should assume that PEC is recovering more than its average system fuel costs from its RTP customers. If the Commission decides this is not the case, then the RTP information requested is not relevant and Nucor is not entitled to it. PEC's Response in Opposition completely explained that PEC is only recovering its average system fuel costs from its RTP customers, therefore, the information in question is irrelevant AND Nucor's position is without merit.

While PEC explained in its Response in Opposition all of the substantive reasons why Nucor is wrong, a much more basic demonstration that Nucor is wrong is found by simply looking at the RTP Rate Schedule and the revenues PEC realizes from its RTP customers. The RTP Rate Schedule is an experimental schedule only available to 15 non-residential customers. These customers signed up for the RTP schedule to save money. They pay less under this rate schedule

than they would under any other rate schedule available to them. For instance, under RTP, the highest Demand rate is less than \$3 per kw, while under PEC's Large General Service-Time of Use Rate Schedule the highest Demand Charge is over \$18 per kw. Thus, it defies all logic to allege that PEC is recovering more fuel costs from these customers when they are on the RTP Rate Schedule, than would be the case if they were on any other available rate schedule. The adoption of Nucor's theory would incorrectly label an inordinately large portion of the RTP revenues as fuel cost recovery and result in PEC drastically under-recovering from these customers the fixed costs incurred to serve them. This cannot be the case.

Nucor's argument must be recognized for what it is, a bogus argument to falsely label revenues received by PEC from its RTP customers as fuel cost recovery. Thus, Nucor's theory must be rejected and the Motion to Compel denied.

WHEREFORE, PEC requests the Commission to deny Nucor's Motion to Compel.

Respectfully filed this 24th day of April, 2006.

PROGRESS ENERGY CAROLINAS, INC.



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STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2006-1-E

In the Matter of:

Carolina Power & Light Company, d/b/a)
Progress Energy Carolinas, Inc., - Annual)
Review of Base Rates for Fuel Costs)

CERTIFICATE OF SERVICE

I, Len S. Anthony, hereby certify that Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.'s (PEC) Further Response in Opposition to Nucor Steel's Motion to Compel has been served on all parties of record electronically, by hand delivery or by depositing said copy in the United States mail, postage prepaid, addressed as follows this the 28th day of April, 2006:

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